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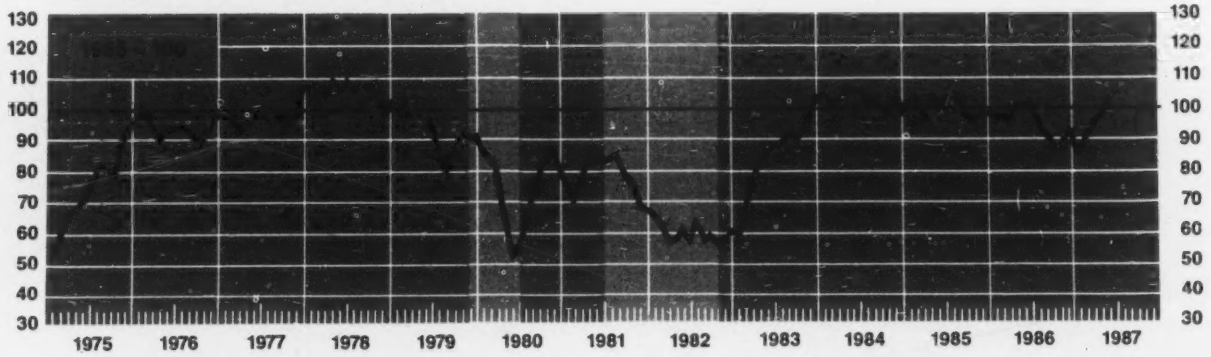
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

June, 1987



CONSUMERS MORE CONFIDENT SPENDING PLANS STRONGER

The consumer's spirits improved in May. The Board's Consumer Confidence Index (1986 = 100) now stands at 103.1, a gain of almost 6 points for the month. Plans to spend are up, for all major items covered in the survey.

Consumers have become more comfortable with the ongoing situation. One out of evey four respondents believe that present business conditions are "good," a significant improvement over last time. There has also been an increase in the proportion of those who report that jobs are "plentiful," and a decline in complaints that jobs are "hard to find."

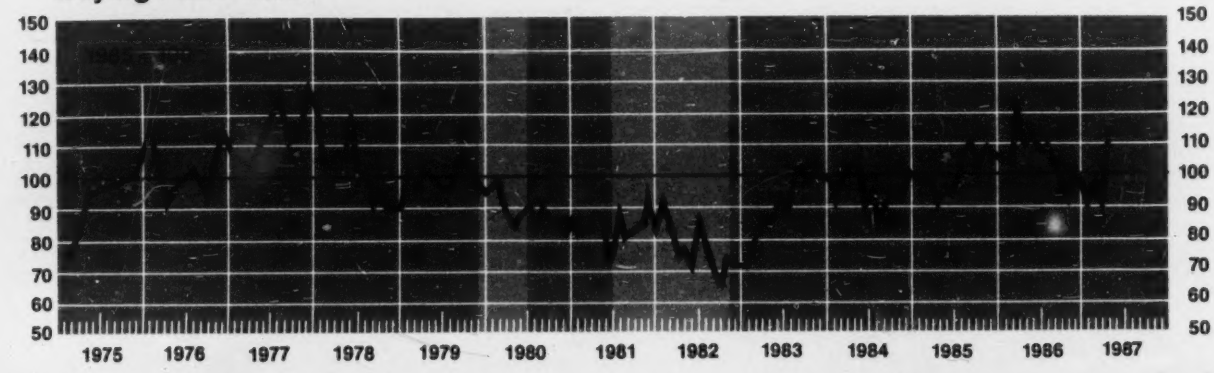
Consumer expectations for the next six months are also more positive than a month earlier. More people than last time expect business to improve between now and the end of the year—20.6% up from a prior 18.8 percent. A larger number of people also expect jobs to be more available in the immediate future. Until recently, those who feared that jobs would become sparser outnumbered those that had a more optimistic view, but now that balance has been reversed. However, in assessing their own personal financial circumstances, only fractionally more survey participants than last time expect their incomes to increase over the next six months.

Still, consumer plans to buy perked up smartly in May. Intentions to purchase an automobile were indicated by 8.9% of respondents, up from a prior 7.2 percent. However, plans to buy a car are running well below last year's levels. Home buying plans turned stronger in May but here, too, interest is weaker than a year ago. Plans to acquire a major appliance registered a good gain.

The improvement in the consumer's mood in May is consistent with recent economic readings. There has been strong growth in employment figures in recent months. The unemployment rate dropped sharply, and is currently lower than it has been for almost a decade. The availability of jobs not only reflects the state of the economy but evidently significantly affects the consumer's sense of well being. On the issues of both present and future employment prospects, consumers are now more optimistic than they have been in a long time.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.
Percentage of all households =100%

NOTE: Revised seasonal factors have been applied in adjusting all Consumer Confidence data. Revised historical data are available upon request.

All series seasonally adjusted	1986 May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	1987 Jan.	Feb.	Mar.	Apr.(r)	May(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	100.2	100.0	97.5	91.7	89.7	85.8	89.7	93.2	85.4	91.5	95.8	97.4	103.1
Present Situation	101.3	100.4	99.3	91.4	90.3	85.4	86.2	94.7	85.0	91.9	94.2	92.7	99.3
Expectations	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2	85.6	91.8	96.8	100.5	105.7
Buying Plans Index	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6	98.9	93.1	98.7	89.7	113.3
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.1	28.4	26.2	23.9	24.9	23.9	23.8	24.7	20.9	24.8	24.0	23.3	25.4
Bad	22.1	22.5	22.8	24.8	26.9	26.9	27.0	25.1	28.1	26.1	26.4	24.7	24.6
Normal	48.8	49.1	51.0	51.3	48.2	49.2	49.2	50.2	51.0	49.1	49.6	52.0	50.0
Employment													
Jobs plentiful	20.7	20.5	21.6	19.8	19.8	18.4	18.7	20.9	19.6	20.8	21.9	20.5	22.1
Jobs not so plentiful	47.8	48.2	46.4	46.8	46.3	45.8	46.2	46.8	46.2	45.1	45.6	46.7	47.4
Jobs hard to get	31.5	31.3	32.0	33.4	33.9	35.8	35.1	32.3	34.2	34.1	32.5	32.8	30.5
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.7	20.9	19.8	19.5	19.1	18.5	19.0	18.3	16.0	19.0	18.2	18.8	20.6
Worse	8.6	8.3	9.6	10.8	11.2	13.2	10.2	10.7	11.1	10.2	9.1	7.3	7.6
Same	70.7	70.8	70.6	69.7	69.7	68.3	70.8	71.0	72.9	70.8	72.7	73.9	71.8
Employment													
More jobs	16.2	16.7	15.9	15.6	15.6	14.3	15.4	14.8	12.6	14.7	14.9	16.5	17.5
Fewer jobs	17.0	17.1	18.5	19.7	20.9	21.5	19.6	18.4	19.0	19.7	15.6	15.6	13.9
Same	66.8	66.2	65.6	64.7	63.5	64.2	65.0	66.8	68.4	65.6	69.5	67.9	68.6
Income													
Increase	27.0	25.8	27.4	25.7	24.3	24.1	24.0	25.6	21.1	24.6	24.5	23.3	23.7
Decrease	8.1	8.4	8.0	9.3	9.8	8.9	8.8	8.6	8.4	8.3	8.1	8.3	6.6
Same	64.9	65.8	64.6	65.0	65.9	67.0	67.2	65.8	70.5	67.1	67.4	68.4	69.7
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.6	9.6	9.2	8.9	8.6	7.8	7.6	7.9	7.4	7.8	7.5	7.2	8.9
New	5.7	5.3	5.0	5.1	4.8	4.4	3.8	4.6	3.4	4.0	4.0	4.3	4.2
Used	2.8	3.6	3.2	2.8	2.5	2.3	2.7	2.6	2.6	2.9	2.8	2.2	3.5
Uncertain	1.1	0.7	1.0	1.0	1.3	1.1	1.1	0.7	1.4	0.9	0.7	0.7	1.2
Home													
Yes	4.5	4.6	4.4	4.1	4.4	4.0	3.1	4.3	4.4	3.1	4.1	3.2	4.3
New	1.2	1.3	1.1	1.3	1.2	1.1	1.1	1.1	1.5	1.1	1.4	0.7	1.2
Lived in	2.0	2.0	2.2	1.9	2.1	1.7	1.6	2.1	1.9	1.3	2.0	1.7	1.9
Uncertain	1.3	1.3	1.1	0.9	1.1	1.2	0.4	1.1	1.0	0.7	0.7	0.8	1.2
Major appliances													
Total plans	29.3	28.2	28.3	32.2	28.4	28.3	28.7	30.8	28.5	29.1	29.1	27.4	35.6
Refrigerator	4.1	4.2	4.4	5.0	4.2	4.9	4.8	4.4	5.3	5.2	4.6	4.0	5.6
Washing machine	4.3	3.9	4.5	4.7	4.2	4.3	4.3	4.4	4.2	3.8	4.3	3.6	4.6
TV Set	7.6	7.2	7.5	7.4	7.2	6.7	6.9	7.8	6.8	7.7	7.1	6.5	9.0
Vacuum Cleaner	5.4	4.8	3.9	5.5	4.8	4.6	4.8	5.6	4.3	4.8	5.5	5.2	6.3
Range	2.9	2.9	2.8	3.2	3.0	3.0	3.2	3.2	3.0	2.8	2.5	3.3	3.9
Clothes dryer	3.6	3.4	3.5	3.6	3.4	3.2	3.4	3.7	3.3	3.3	3.7	3.0	4.0
Air conditioner	1.4	1.8	1.7	2.8	1.6	1.6	1.3	1.7	1.6	1.5	1.4	1.8	2.2
Carpet	6.8	7.5	6.6	7.4	7.2	7.4	6.9	7.7	7.7	7.0	8.2	6.0	10.1
Vacation Intended Within Six Months: Percent													
Vacation Intended		51.5		50.3		48.4		49.5		50.9		49.4	
Destination													
Home state		11.7		11.1		9.2		10.1		11.5		10.2	
Other state		36.1		35.4		34.4		34.0		35.2		34.2	
Foreign country		5.4		6.0		6.3		6.6		5.9		6.8	
Means of travel													
Automobile		33.8		31.4		28.8		30.3		33.2		29.8	
Airplane		18.1		19.4		18.0		18.9		18.4		19.5	
Other		3.9		3.8		4.0		3.7		4.3		4.6	

(p)—preliminary (r)—revised

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